

Staff Summary Report



Council Meeting Date: 07/22/08

Agenda Item Number: _____

SUBJECT: Request to adopt the Notice of Intention setting the time (7:30 p.m.) and date (October 2, 2008) for the public hearing to modify water and sewer development fees.

DOCUMENT NAME: 20080722wudmk01 **MISCELLANEOUS FEES (0210-05)**

SUPPORTING DOCS: No

COMMENTS: Notice of Intention to Modify Water and Sewer Development Fees

PREPARED BY: Steve Dalton, SROG Program Administrator (350-2671)
Miyoun Kim, Planning and Research Analyst (350-8358)

REVIEWED BY: Don Hawkes, Water Utilities Manager (350-2660)
Jerry Hart, Financial Services Manager (350-8505)

LEGAL REVIEW BY: Charlotte Benson, Senior Assistant City Attorney (350-2813)

FISCAL NOTE: None

RECOMMENDATION: Adopt the Notice of Intention setting the time (7:30 pm) and the date (October 2, 2008) for the public hearing to modify water and sewer development fees. The fee increases will be effective February 1, 2009.

ADDITIONAL INFO: The recommended water and sewer development fee adjustments are necessary to finance expansion of the City's water and sewer systems. Implementation of the modified fees ensures that new connections fund the growth-related portion of the water and sewer Capital Improvement Program (CIP).

Fee Modifications

As indicated during last year's development fee overview with the City Council, the Water Utilities Department (WUD) has committed to reviewing the water and sewer development fees on an annual basis. This review was conducted by Red Oak Consulting and presented to WUD in June 2008. The recommendations were to increase both water and sewer development fees by approximately 16% to 29%. The methodology applied in the analysis assumed new users to the system pay for their proportionate share of the growth-related capital improvement program. In addition, to assure that "growth pays for growth", it was also recommended that fees be adjusted annually based on Engineering News - Record's (ENR) Construction Index.

Fee Modification Process

Pursuant to A.R.S. 9-463.05, a copy of the rate change report must be filed with the City Clerk and a “Notice of Intention” must be adopted at least 60 days prior to a public hearing. At least 30 days after holding the public hearing the Council may adopt the fee changes. In addition, the adopted fee changes will not be effective until 75 days after adoption of the fee changes.

Attached is the notice for setting the time and date of the public hearing (October 2, 2008).

NOTICE OF INTENTION

A public hearing has been set for October 2, 2008, in the City Council chambers, 31 East Fifth Street, Tempe, Arizona at 7:30 p.m. for the purpose of receiving public comment on proposed water and sewer development fee modifications. Information relating to the fee change is available at the City Clerk's office, 31 East Fifth Street, Tempe, Arizona.

DRAFT – Schedule for Water and Sewer Development Fee Rate Modifications

July, 22, 2008	Council Issue Review Session – Review of proposed water and sewer development fees with City Council.
July 22, 2008	Supply written report of data supporting water and sewer development fee modifications to the City Clerk (at least 60 days prior to the October 2, 2008 Public Hearing).
July 22, 2008	Adopt Notice of Intention to modify water and sewer development fees to set time and date of the Public Hearing (at least 60 days prior to the October 2, 2008 Public Hearing).
October 2, 2008	Hold Public Hearing (at least 30 days prior to the scheduled date of adoption)
November 6, 2008	Adopt Fee Adjustments (at least 75 days prior to the effective date of the rate adjustments)
February 1, 2009	Effective date of adjusted water and sewer development fees (at least 75 days after the rate resolution is adopted).